

Report: U.S. Lost 1.5 Mln Jobs to China in 1989-2003

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WASHINGTON (Reuters) - The United States lost nearly 1.5 million jobs between 1989 and 2003 because of increased trade with China, according to a report released on Tuesday by a government watchdog committee.

The report was prepared by the pro-labor Economic Policy Institute for the U.S.-China Economic and Security Review Commission, a congressionally-appointed panel that has pushed for a tough U.S. approach to China on trade.

The study estimates that imports from China displaced 1.659 million jobs between 1989 and 2003, while exports to that country generated only 199,000 additional U.S. jobs.

The job losses have accelerated and moved into unexpected new sectors as the trade deficit -- which reflects the gap between imports and exports -- with China skyrocketed to a record \$124 billion in 2003, report author and EPI senior international trade economist Robert Scott said.

"The assumptions we built our trade relationship with China on have proved to be a house of cards. Everyone knew we would lose jobs in labor-intensive industries like textiles and apparel, but we thought we could hold our own in the capital-intensive, high-tech arena," Scott said in a statement.

The report puts a large portion of the blame for the growing U.S. trade deficit with China on that country's "refusal to revalue its exchange rate."

U.S. manufacturers and labor groups complain that Beijing's decade-old long practice of pegging its currency at 8.28 to the dollar gives Chinese companies an unfair advantage by artificially depressing the price of their goods.

Expected U.S. gains from Beijing's entry into the World Trade Organization in December 2001 "have yet to materialize" and instead China is increasingly competitive in more advanced sectors such as autos and aerospace where the United States has long had a big advantage, the report said.

Old-line industries such as textiles, apparel, furniture, rubber and leather have borne the brunt of the U.S. job losses, although computer, electronic, and semi-conductor sectors have seen China-related losses as well, the report said.

"It is hard to overstate the challenges posed by this export behemoth," the report said.